

“While periods of boom and bust are not new to the dairy industry, our dairy families cannot afford another year of low milk checks that don’t even cover the cost of production,” said Costa. “The dairy price crisis is devastating our local economy and ability to create and sustain jobs. This bill will help the dairy industry get back on track and curb the milk price volatility that is driving dairy farmers in the Valley and our nation out of business”

In 2009, dairy farms throughout the country experienced one of the worst price crises of the last 40 years. Last June, prices dropped to an average of over \$6.00 per hundredweight, dramatically below the cost of production. An inconsistent national support system and the absence of a national supply management plan has exacerbated the price instability and created an unsustainable business cycle for many dairy families. In 2009, America’s roughly 65,000 dairies lost over \$12 billion. Sharp losses forced dairy farmers to lay off workers and, in many cases, shutter their operations.

“We have a real opportunity to make meaningful changes to prevent future dairy crashes like the one we’re in now,” added Costa. “Protecting the livelihoods of our dairy families is critical to promoting a full economic recovery and the nation’s access to healthy dairy products.”

The Dairy Price Stabilization Act would help stabilize dairy prices by better aligning supply and demand. Under the program, individual dairies would have the choice of either maintaining their current production level (plus an allowable year-over-year growth rate based on market indications) or expanding their production and increasing their share of the market.

Dairies choosing to increase their market share would pay a fee during the first year of expansion which is paid out to their fellow dairy farmers who are maintaining their current share of the market. This creates a rational system that allows the market to absorb increases in production by providing a tangible financial incentive for most dairies to manage their production growth.

The structure of the bill is based on unbiased economic analysis and modeling conducted in the past 18 months. Both the growth rate and market access fee would be determined based on market indicators including feed costs which are the largest cost factor for producers in

states like California. A producer board of directors would be established to advise the Secretary of Agriculture on any necessary adjustments to program operations. The bill empowers farmers by allowing them to vote on whether to enact the program and, three years after it commences, to vote on whether to continue it.

Video of Congressman Costa speaking on the floor of the House of Representatives today in support of the Dairy Price Stabilization Act can be viewed [here](#).

Costa was joined by four other Members of Congress from across the country in introducing the bill, including Congressmen Peter Welch (D-VT), Joe Courtney (D-CT), Rick Larsen (D-WA), and John B. Larson (D-CT).

“After the worst year in recent memory, the time for comprehensive dairy reform legislation has arrived,” said Rep. Joe Courtney. “I am pleased to join with Congressman Costa and others on this effort that will help stabilize dairy markets and protect our farming families.”

“The Washington state dairy industry is the tenth largest in the nation. The 128 dairy farms in Whatcom County, in my district, produce the 2nd greatest amount of milk in the state,” said Rep. Rick Larsen. “This means many local jobs and hardworking families depend on stability in the dairy industry. Every day, countless farmers and families throughout my district suffer through the roller coaster that is the dairy market.

“Rep. Costa’s bill makes important steps toward stabilizing the price of milk, which is a top priority for dairy farmers. While I recognize this is only a first step in responding to the concerns that dairy farmers have around the country, this is an important step, and I am happy to support Rep. Costa’s legislation today.”

“Continuing volatility within the dairy industry has devastated Vermont’s hardworking family farmers and their counterparts across the country. We have responded with important short-term support measures, but we must not delay in finding a path to long term reform,” said Rep. Peter Welch. “This bill sets an important marker as we find consensus within the industry about how to ensure the survival and prosperity of dairy.”

Added Rep. John B. Larson, “I believe in reward for a hard day’s work. But, because of the

volatility in milk prices, small dairy farmers in Connecticut, New England, and throughout our nation have been denied a decent living. We need to bring commonsense reform to the market that protects the livelihood of our small dairy farmers, and the food that average Americans put on their table.”